

VZCZCXYZ0002
RR RUEHWEB

DE RUEHSG #0643/01 1911849
ZNR UUUUU ZZH
R 101849Z JUL 09
FM AMEMBASSY SANTIAGO
TO RUEHC/SECSTATE WASHDC 5193
INFO RUEHAC/AMEMBASSY ASUNCION 4065
RUEHBO/AMEMBASSY BOGOTA 2479
RUEHBU/AMEMBASSY BUENOS AIRES 1579
RUEHBR/AMEMBASSY BRASILIA 0997
RUEHCV/AMEMBASSY CARACAS 2164
RUEHPE/AMEMBASSY LIMA 6277
RUEHMN/AMEMBASSY MONTEVIDEO 4482
RUEHQT/AMEMBASSY QUITO 2484
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC

UNCLAS SANTIAGO 000643

SIPDIS

STATE FOR R/MR, I/PP, WHA/BSC, WHA/PDA, INR/IAA

E.O. 12958: N/A

TAGS: [KMDR](#) [KPAO](#) [PGOV](#) [ECON](#) [PREL](#) [SNAR](#) [EFIN](#) [CI](#)
SUBJECT: CHILE MEDIA REPORT - JULY 10

Leading Story

11. The Central Bank lowered the interest rate from 0.75 to 0.5%, which will also lower the cost of consumer loans and mortgages. The bank will maintain this rate for at least six months.

Chile-Russia Military

12. Defense Minister Francis Vidal confirmed there have been talks with his Russian counterpart on the eventual acquisition of MI17 helicopters. Vidal said, however, "There is no signed contract, only an evaluation" with Russia (La Nacion, government-owned, 7/10).

Chile-U.S.

13. Foreign Affairs Minister Mariano Fernandez wrote the Senator Max Baucus a letter and Ambassador Goni met with Department of State and Commerce officials to relay the interest among Chilean wood producers in the elimination of the subsidy given to U.S. cellulose producers. The bill goes to Congress today (Diario Financiero, business and financial, 7/10).

14. Commentary on the Chile-California partnership: A Model for the 21st Century": "Rather than depending on traditional government bureaucracies... contemporary international relations are moving toward establishing ties among like-minded regions and countries.... Such is the case of the Chile-California partnership... The association is convenient for Chile and the United States, because Washington has problems in the region and needs a new model based on shared interest"(Karin Ebensperger; El Mercurio, conservative, influential newspaper-of-record, 7/10).

Obama-Africa/Iran/Russia

15. In an interview with AllAfrica.com, President Obama said it was time for Africa to stop blaming colonialism for its problems. "For years we've been saying that corruption and poor governance are somehow the consequence of neo-colonialism and an oppressive and racist west. But I am not a believer in excuses," said the U.S. President, adding that there can be no stability in Africa as long as there is corrupt governance, because there is a "direct correlation between good government and prosperity"(La Tercera, conservative, independent, 7/10).

16. President Obama wants Brazil to act as a mediator between the G-8 and Iran with regard to the latter's nuclear program. White

House spokesperson Robert Gibbs said Brazil has "a unique opportunity to act as a mediator given its good commercial relations with Teheran" (La Nacion, 7/10).

¶17. Editorial: "Several American presidents overestimated their ability to influence Soviet and Russian leaders... but Obama did not fall into that trap. On the contrary, he found areas of common interest... where the main outcome was an agreement to reduce nuclear warheads and missiles.... Although today the main nuclear threat is to be found on Russia's periphery, the agreement is an important accomplishment.... The government and people of Russia hope, above all, to regain the power, influence and respect they enjoyed in the past... and this 'resetting' of relations with Washington is a step in that direction. But Russia should also review its hard drive to recall the weaknesses and mistakes committed by those governments that it glorifies" (La Segunda, conservative, afternoon, 7/9).

¶18. "The announcement of nuclear disarmament (between Russia and the U.S. ... is key to improving relations between Washington and Moscow, which were severely eroded by the G.W. Bush administration.... Today the greatest threat comes from non-democratic and unstable countries such as North Korea and others that could have access to this technology and share it with similar countries or terrorist groups. Obama and Medvedev showed there is a good understanding between them and although not all issues on their agenda were resolved... their talks seem to have set the foundation of a new era of understanding that will benefit the entire world" (El Mercurio, 7/10).

Nuclear Energy

¶19. Energy Minister Marcelo Tokman said the government has opened a bidding process for new studies on the construction of nuclear plants. Tokman underscored the positive impact of nuclear-electric generation on climate change since it does release CO2 to the atmosphere (El Mercurio, 7/10).

¶10. A report submitted by the School of Engineers to the GOC proposes the construction of nuclear plants in the coastal areas of Tocopilla, San Antonio, and Papudo. The mayor of Papudo was appalled that the government was even considering such a project in an area that has more seismic activity than the average Chilean coastal area (Subway daily, Publimetro, 7/10).

Honduras

¶11. Editorial: "The passivity of the OAS with regard to the situation in Honduras before the crisis and with regard to other ALBA countries... that use their legitimate democratic origins to weaken democratic institutions... indicates some sort of harmony between those countries and the OAS.... The OAS must... prove its importance and value in a region that has legitimate reasons to question its role" (La Tercera, 7/10).

¶12. Editorial: "Zelaya is not innocent in the events affecting Honduras today. But saying this does not mean agreeing with the use of force to remove a leader. It simply puts the events in a broader perspective" (Diario Financiero, 7/10).

URBAN